

UNITED STATES DISTRICT COURT

DISTRICT OF OREGON

PORTLAND DIVISION

UNDER SEAL

UNITED STATES OF AMERICA,

3:15-CR- 00364-mo

v.

INDICTMENT

STEPHEN MILES MUNSON,

**26 U.S.C. § 7206(1) and
18 U.S.C. §§ 152(1) and (3)**

Defendant.

Forfeiture Allegation

UNDER SEAL

THE GRAND JURY CHARGES:

GENERAL ALLEGATIONS

At all times relevant to this indictment:

1. Defendant Stephen Miles Munson (hereinafter defendant) was a resident of Bend, Oregon. Defendant is a retired U.S. Army Captain and has a bachelor's degree from the University of Oregon and two master's degrees, Master of Arts in Political Science and Master of Business Administration, from Stanford University.
2. In 1991, defendant started Vulcan Power Company, a geothermal energy company in Bend, Oregon, and served in the company in different capacities, including president and chief executive officer, until 2008.
3. In 2008, defendant sold a controlling interest in Vulcan Power Company for almost \$15 million.

4. On or about December 31, 2008, defendant sent the University of Oregon and Stanford University emails and letters, claiming to donate 200,000 shares of his former company to each school. The shares had an alleged value of \$3.2 million.

5. On or about October 15, 2009, after obtaining an extension, defendant filed his 2008 federal income tax return, claiming a \$3.2 million credit for a charitable donation based on his alleged donation of shares of his former company to the University of Oregon and Stanford University. Due to his alleged donation, defendant requested and received a \$407,019 refund from the Internal Revenue Service for that year. Defendant deposited the refund in his Wells Fargo checking account.

6. Defendant never transferred any stock to the University of Oregon or Stanford University.

7. In or about January 2011, defendant filed and caused to be filed a voluntary petition for bankruptcy in the District of Oregon, Case Number 11-30188. With his petition, defendant filed and caused to be filed a Statement of Financial Affairs and schedules of his assets and debts, declaring under penalties of perjury that his representations in these documents were true. In these documents, defendant purported to list all of his assets and liabilities and to provide additional material information concerning his assets and liabilities.

8. During the pendency of his bankruptcy, defendant filed amended Statements of Financial Affairs and additional schedules and reports, declaring each time under penalties of perjury that his representations in these documents were true. In these documents, defendant purported to list his assets and liabilities and to provide additional material information concerning his assets and liabilities.

9. Defendant's voluntary bankruptcy case, Case Number 11-30188, was eventually consolidated within an involuntary bankruptcy petition that former employees filed against defendant in or about October 2010 in an effort to compel defendant to pay them for past wages, Case Number 10-39795.

10. Defendant filed his 2008 federal income tax return in support of his bankruptcy petition. Defendant omitted from his original bankruptcy filings almost \$200,000 in assets, more than \$200,000 in gifts, and more than \$7 million in transfers to insiders and affiliates. During the pendency of his bankruptcy, defendant also failed to timely and properly report a state tax refund in the amount of \$16,786.

11. The Internal Revenue Service (IRS) is an agency of the United States Department of the Treasury and is responsible for administering and enforcing the tax laws of the United States and for collecting taxes owed to the United States Department of the Treasury.

COUNT ONE
(Filing False Federal Income Tax Return)
(26 U.S.C. § 7206(1))

12. Paragraphs 1-11 of the General Allegations are incorporated herein.

13. On or about October 15, 2009, in the District of Oregon, defendant did willfully make and subscribe a U.S. Individual Income Tax Return, Form 1040, for calendar year 2008, which was verified by a written declaration that it was made under the penalties of perjury, was prepared and signed in the District of Oregon, was filed with the IRS, and which defendant did not believe to be true and correct as to every material matter. On line 54, defendant claimed a \$3.2 million credit for alleged charitable donations based on purported donations of stock to the

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University of Oregon and Stanford University, whereas defendant then and there knew that no such donations of stock had been made.

All in violation of 26 U.S.C. § 7206(1).

COUNT TWO
(Bankruptcy Fraud – Concealment of Property)
(18 U.S.C. § 152(1))

14. Paragraphs 1-11 of the General Allegations are incorporated herein.

15. Between on or about January 11, 2011, and on or about October 21, 2013, in the District of Oregon, defendant did knowingly and fraudulently transfer and conceal and caused to be transferred and concealed from the trustee charged with control of the debtor's property, from creditors, and from the United States Trustee in connection with a case under Title 11, that is, *In re Stephen Miles Munson*, Case Numbers 10-39795 and 11-30188, property belonging to the estate of a debtor, to wit: fur coats and accessories, fishing equipment, musical instruments, trailers, a 2006 Vulcan motorcycle, a \$50,000 deposit for the purchase of an airplane, horse equipment, horses, business interests, financial accounts, capital contributions, gifts, tax refunds, and cash.

All in violation of 18 U.S.C. § 152(1).

COUNT THREE
(Bankruptcy Fraud – False Statement)
(18 U.S.C. § 152(3))

16. Paragraphs 1-11 of the General Allegations are incorporated herein.

17. On or about January 10, 2011, in the District of Oregon, defendant did knowingly and fraudulently make material false declarations, certificates, verifications, and statements, under penalty of perjury as permitted by 28 U.S.C. § 1746, in and in relation to his involuntary and voluntary petitions for bankruptcy, *In re Stephen Miles Munson*, Bankruptcy Case Numbers

10-39795 and 11-30188, by submitting and causing to be submitted a Statement of Financial Affairs and Schedules of Assets and Liabilities in which he knowingly and fraudulently omitted and caused to be omitted assets, income, transfers, gifts, capital contributions, business interests, personal property, and debt payments.

All in violation of 18 U.S.C. § 152(3).

COUNT FOUR
(Bankruptcy Fraud – False Statement)
(18 U.S.C. § 152(3))

18. Paragraphs 1-11 of the General Allegations are incorporated herein.

19. Between on or about September 2, 2011, and on or about October 21, 2013, in the District of Oregon, defendant did knowingly and fraudulently make material false declarations, certificates, verifications, and statements, under penalty of perjury as permitted by 28 U.S.C. § 1746, in and in relation to his involuntary and voluntary petitions for bankruptcy, *In re Stephen Miles Munson*, Bankruptcy Case Numbers 10-39795 and 11-30188, by submitting and causing to be submitted monthly operating reports in which he knowingly and fraudulently omitted a state tax refund in the amount of \$16,786.

All in violation of 18 U.S.C. § 152(3).

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FORFEITURE ALLEGATION
(18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c))

Upon conviction of one or more of the offenses alleged in Counts Two through Four of this indictment, defendant shall forfeit to the United States pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c), any property constituting or derived from proceeds obtained directly or indirectly as a result of said violations, including but not limited to a money judgment for a sum of money equal to the amount of property involved in Counts Two through Four.


Dated this 6 day of October 2015.

A TRUE BILL

CLIFFORD FORBESON

Presented by:

BILLY J. WILLIAMS
United States Attorney



SCOTT E. BRADFORD, OSB #062824
Assistant United States Attorney